

Message Text

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ACTION ARA-14

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 XMB-02 AF-10 EA-10 EUR-12 NEA-11
/173 W

-----060429 101735Z /42

R 101400Z MAY 78
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 7437
INFO USMISSION GENEVA
AMEMBASSY BUENOS AIRES
AMEMBASSY CARACAS

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E.O. 11652: N/A
TAGS: MTN, ETRD, AR
SUBJ: US-ARGENTINE WORKING-LEVEL TRADE CONSULTATIONS, MAY 5

1. SUMMARY: ARGENTINE DEL LED BY ECONMIN. UNDER SECRETARY GRIMOLDI AND TRADE DIRECTOR HOTTON-RISLER AND US DEL LED BY ASSISTANT STR LANDE FULLY REVIEWED MTN ISSUES ON MAY 5 IN ATMOSPHERE COMPLETELY FREE OF POLEMICS AND PUNCTUATED BY CONTINUAL ASSURANCES OF COOPERATION AND WILLINGNESS TO ASSUME RESPONSIBILITIES IN THE TRADING SYSTEM. ARGENTINE DEL STATED ITS INTENTION TO TABLE AN OFFER IN GENEVA WITHIN NEXT THREE WEEKS AND TO BEGIN CONCENTRATING ON CODES WITH A VIEW TO PARTICIPATING IF POSSIBLE. END SUMMARY.

2. MORNING DISCUSSION DEVOTED PRIMARILY TO REVIEW OF US AND ARGENTINE GENERAL POSITIONS IN MTN US DELEGATION REFERRED TO FEBRUARY MEETING IN GENEVA BETWEEN US AND ARGENTINA AT WHICH TIME AMBASSADOR MARTINEZ CHARACTERIZED
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US OFFER AS STRIKINGLY IMPRESSIVE.

3. ARGENTINE DELEGATION INDICATED IT WAS DOING A STUDY OF THE BENEFITS FROM GSP AND THE EFFECT MFN CUTS ON GSP ITEMS WOULD HAVE ON ARGENTINE. US DEL REVIEWED OUR STANDARD POSITION ON THE BENEFITS OF MFN CUTS, STRESSING THAT THE COMBINATION OF GSP

AND MFN CUTS SHOULD BE ESPECIALLY ATTRACTIVE TO LDCS, PARTICULARLY FOR THOSE INDIVIDUALS CONSIDERING INVESTING IN ARGENTINA.

4. US DELEGATION REVIEWED OUR TARIFF OFFER. IN LIGHT OF JULY DATE FOR COMPLETING MTN, US DELEGATION INDICATED THAT FOR THE US TO MAINTAIN ITS OFFER IT WILL BE NECESSARY TO HAVE SOME INDICATION OF THE CONCESSIONS ARGENTINA MAY BE ABLE TO MAKE TO THE US IN THE NEGOTIATIONS. ARGENTINE DELEGATION SAID ARGENTINA IS PREPARED TO MAKE CONTRIBUTIONS AND WILL DO SO IN GENEVA IN APPROXIMATELY NEXT THREE WEEKS. (IN PRIVATE CONVERSATION WITH ASSISTANT STRLANDE, GRIMOLDI, ECONMIN UNDER SECRETARY, SAID ARGENTINA MIGHT BIND DUTIES AT A LEVEL 25 PERCENTAGE POINTS ABOVE CURRENT LOW LEVELS AS ITS TARIFF CONTRIBUTION. DUTIES HAVE BEEN REDUCED TEMPORARILY TO VERY LOW LEVELS ON SOME PRODUCTS TO ENCOURAGE IMPORTS IN AN EFFORT TO STIMULATE MORE EFFICIENT ARGENTINE PRODUCTION.) US DELEGATION EXPRESSED PLEASURE THAT ARGENTINA WILL MAKE OFFER SOON AND STATED THAT THE US HOPES THE INITIAL ARGENTINE RESPONSE WILL BE OF SIGNIFICANT VALUE TO THE US WITHIN THE MEANING OF THE TOKYO DECLARATION.

5. ARGENTINE DELEGATION QUESTIONED WHETHER MFN LIMITED OFFICIAL USE

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CUTS COULD BE IMPLEMENTED IMMEDIATELY. US SIDE INDICATED THAT USG PREPARED TO CONSIDER ACCELERATED STAGING OF TARIFF REDUCTIONS, BUT THAT NO DECISION POSSIBLE UNTIL GENERAL ISSUE OF STAGING IS ADDRESSED IN THE MTN.

6. US DELEGATION STRESSED IMPORTANCE IT ATTACHES TO LDCS JOINING NTM CODES. US DELEGATION STATED THE CURRENT TOKYO ROUND OF MULTILATERAL TRADE NEGOTIATIONS (MTN) MAY BE THE ONLY TRADE LIBERALIZING TALKS FOR NEXT 10-20 YEARS AND THAT THE US WOULD LIKE TO SEE KEY LDCS JOINT NTM CODES. BENEFITS FOR BOTH LDCS AND DCS IN THE CODES WERE EMPHASIZED AS WELL AS US VIEWS THAT THE MFN AND DIFFERENTIAL BENEFITS SHOULD BE SUFFICIENT TO ENTICE LDCS TO JOIN. DIFFERENTIAL TREATMENT MUST PROVIDE FOR GRADUATION AS AN LDC OBTAINS ITS DEVELOPMENT OBJECTIVES.

7. ARGENTINE DELEGATION RESPONDED BY SAYING THAT IT WILL SERIOUSLY CONSIDER JOINING NEW CODES, BUT WOULD ONLY JOIN IF IT WAS PREPARED TO FULFILL THE OBLIGATIONS.

8. ARGENTINE SIDE ASKED WHETHER AGRICULTURE WOULD BE COVERED BY STANDARDS CODE, AND IF TECHNICAL ASSISTANCE WOULD BE INCLUDED IN THE CODE. US REPLIED THAT TECHNICAL ASSISTANCE IS APPROPRIATE TO HELP LDCS COMPLY WITH CODES. US ASKED IF ARGENTINA FELT IT COULD JOIN THE STANDARDS CODE AND ARGENTINE RESPONSE WAS THAT AT PRESENT ARGENTINA IS CONSIDERING ACCEPTING THE STANDARDS CODE AND PROBABLY WOULD DO SO IF IT CONCLUDES IT COULD COMPLY WITH THE OBLIGATIONS.

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/173 W

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FM AMEMBASSY BRASILIA
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9. ARGENTINE SIDE ASKED WHY US WOULD ONLY MAKE TARIFF CONCESSION IF A COUNTRY WAS THE PRINCIPAL SUPPLIER AND WOULD US INDICATE WHAT COUNTRY IS PRINCIPAL SUPPLIER? US REPLIED THAT WE WERE FOLLOWING THE PROCEDURES ESTABLISHED IN GROUP AGRICULTURE, THAT AN OFFER WOULD BE MADE ONLY IF ITEM REQUESTED BY PRINCIPAL SUPPLIER. THIS WAS DESIGNED TO INSURE THAT COUNTRY DID NOT PAY FOR CONCESSION IF IT IS NOT THE MAJOR SUPPLIER. WE INDICATED THAT WE ARE CONSIDERING WHETHER WE SHOULD MAKE AN OFFER ON ITEMS WHEN IT MIGHT ELICIT A SUFFICIENT RESPONSE FROM THE REQUESTING LDC AND IT WAS NOT APPROPRIATE TO ADDRESS THE PRINCIPAL SUPPLIER. US REP SAID WE WOULD LET ARGENTINES KNOW IN GENEVA WHO ARE PRINCIPAL SUPPLIERS ON PRODUCTS OF INTEREST TO THEM.

10. IN LENGTHY DISCUSSION ON SUBSIDIES/CVD CODE US
EXPLAINED DIFFICULTY WE ARE HAVING VIS-A-VIS OTHER
DCS IN TRYING TO NEGOTIATE AN ACCEPTABLE CODE. DEL.
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ASKED WHETHER ARGENTINA HAD CONSIDERED WHAT
COULD BE A POLITICALLY ACCEPTABLE SOLUTION FOR THEM.

11. ARGENTINA SAID THAT IT IS IN PROCESS OF DEVELOPING
A DOMESTIC LEGISLATION WHICH WILL ALLOW ARGENTINA TO
TAKE ACTIONS AGAINST IMPORTS WHICH ARE DUMPED OR
SUBSIDIZED. THE LAW WILL GIVE AN INDICATION OF WHAT
ARGENTINA COULD ACCEPT IN A MTN SUBSIDIES/CVD CODE.

12. ARGENTINE DELEGATION NOTED THAT PROGRESS ON
MEAT IS VERY IMPORTANT TO THEM, BUT IT WAS AGREED TO
LEAVE THIS TO TECHNICAL DISCUSSIONS WHICH ARE
CURRENTLY SCHEDULED FOR MAY 12-15 IN WASHINGTON.
ARGENTINA PRESENTED A PROPOSAL ON MEAT IN MARCH AND
TO DATE THE US HAS NOT REPLIED TO THIS PROPOSAL.

13. IN SHORT DISCUSSIONS ON GATT REFORM, ARGENTINA
INDICATED THAT ITS TENTATIVE VIEW IS THAT
ENABLING CLAUSE FOR DIFFERENTIAL TREATMENT IS IMPORTANT
TO THEM. THEY WERE NOT SURE THEY WOULD PRESS FOR
GSP TO BE INCLUDED SINCE IT WAS NOT PART OF THE MTN.

14. GOA EXPLAINED HOW ITS SYSTEM FOR PROTECTING LOCAL INDUSTRY
WORKED. MANY BTN CATEGORIES
HAD A "99" POSITION WHERE IMPORTS WERE PROHIBITED IF
PRODUCED IN ARGENTINA. IN ADDITION, CERTAIN SECTORS
SUCH AS AUTOMOBILES HAD Q.R. PROTECTION. THEY WERE
CONSIDERING MOVING TO TARIFFS PROTECTION FOR THEIR
INDUSTRY. THEY ARE ALSO CONSIDERING LIBERALIZATION
OF AUTOMOBILE PARTS AND ENGINES TO INTRODUCE COMPETI-
TIVENESS IN THIS AREA OF THE ECONOMY.

15. IT WAS AGREED THAT IF TENTATIVELY SCHEDULED US-ARGENTINE
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ECONOMIC CONSULTATIONS TOOK PLACE IN JUNE IN WASHINGTON,
MTN EXPERTS SHOULD PARTICIPATE.

16. COMMENT. ARGENTINE DELEGATION SEEMED TO BE
GENUINELY INTERESTED IN REACHING MUTUALLY SATISFACTORY

AND BENEFICIAL MTN CONCLUSION. WE ARE CONVINCED THAT
ANY INDICATION TO THE CONTRARY BY GOA GENEVA MTN DELE-
GATION WOULD NOT REFLECT BUENOS AIRES' VIEW.
JOHNSON

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